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FINANCIAL STATEMENTS AND ACCOUNTANT'S COMPILATION REPORT

**FIRE PROTECTION GRANT OF
BAYOU L'OURSE VOLUNTEER FIRE DEPARTMENT
(RECEIVED FROM ASSUMPTION PARISH POLICE JURY)**

**Bayou L'ourse, Louisiana
December 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-2-06

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Commissioners of
Bayou L'ourse Volunteer Fire Department
Bayou L'ourse, Louisiana

We have compiled the accompanying fire protection grant financial statements of Bayou L'ourse Volunteer Fire Department received from Assumption Parish Police Jury, Bayou L'ourse, Louisiana, as of and for the year ended December 31, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As discussed in Note A, the financial statements present only the fire protection grant from Assumption Parish Police Jury and are not intended to present fairly the financial position and results of operations of Bayou L'ourse Volunteer Fire Department, in conformity with generally accepted accounting principles.

The Bayou L'ourse Volunteer Fire Department did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the year ended December 31, 2005. The effects of this departure from generally accepted accounting principles have not been determined.

Waguespack + Gallagher, LLC

June 19, 2006

**FIRE PROTECTION GRANT OF
BAYOU L'OURSE VOLUNTEER FIRE DEPARTMENT
(RECEIVED FROM ASSUMPTION PARISH POLICE JURY)
Bayou L'ourse, Louisiana**

**BALANCE SHEET - FIRE PROTECTION GRANT
December 31, 2005
(See Accountant's Compilation Report)**

	Special Revenue Fund-Fire Protection Grant	General Fixed Assets Acquired With Grant Funds	General Long Term Debt Account Group	Total (Memorandum Only)
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents	\$ 31,260	\$ -	\$ -	\$ 31,260
Receivable-Fire Protection Grant	2,408	-	-	2,408
General Fixed Assets-Grant:				
Fire protection equipment	-	737,740	-	737,740
General Long Term Debt:				
Amount available for				
General long term debt	-	-	33,668	33,668
Amount to be provided for				
General long term debt	-	-	5,366	5,366
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 33,668</u>	<u>\$ 737,740</u>	<u>\$ 39,034</u>	<u>\$ 810,442</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 498	\$ -	\$ -	\$ 498
Lease purchase obligation payable	-	-	39,034	39,034
TOTAL LIABILITIES	<u>498</u>	<u>-</u>	<u>39,034</u>	<u>39,532</u>
Equity and Other Credits:				
Investments in general				
fixed assets-grant funds	-	737,740	-	737,740
Fund balance-reserved for				
debt service	39,034	-	-	39,034
Fund balance-unreserved,				
undesignated	(5,864)	-	-	(5,864)
TOTAL EQUITY AND OTHER CREDITS	<u>33,170</u>	<u>737,740</u>	<u>-</u>	<u>770,910</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 33,668</u>	<u>\$ 737,740</u>	<u>\$ 39,034</u>	<u>\$ 810,442</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION GRANT OF
BAYOU L'OURSE VOLUNTEER FIRE DEPARTMENT
(RECEIVED FROM ASSUMPTION PARISH POLICE JURY)
Bayou L'ourse, Louisiana**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - SPECIAL REVENUE FUND
FIRE PROTECTION GRANT
For the Year Ended December 31, 2005
(See Accountant's Compilation Report)**

REVENUES

Intergovernmental revenues-		
Fire protection grant from		
Assumption Parish Police Jury	\$	93,121
Fire insurance rebate		12,729
Use of money and property-		
Interest earnings		305
Other Income		<u>216</u>
TOTAL REVENUES		<u>106,371</u>

EXPENDITURES

Current operating		
Public safety		47,866
Capital outlay		
Public safety		68,713
Debt Service		
Principal		19,111
Interest		<u>3,736</u>

TOTAL EXPENDITURES		<u>139,426</u>
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EXCESS (DEFICIENCY) OF REVENUES		<u>(33,055)</u>
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OTHER FINANCING SOURCES

Proceeds from sale of general fixed assets		<u>2,921</u>
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TOTAL OTHER FINANCING SOURCES		<u>2,921</u>
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EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES		<u>(30,134)</u>
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FUND BALANCE AT BEGINNING OF YEAR		<u>63,304</u>
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FUND BALANCE AT END OF YEAR	\$	<u>33,170</u>
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The accompanying notes are an integral part of this statement.

**FIRE PROTECTION GRANT OF
BAYOU L'OURSE VOLUNTEER FIRE DEPARTMENT
(RECEIVED FROM ASSUMPTION PARISH POLICE JURY)
Bayou L'ourse, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fire Protection Grant of Bayou L'ourse Volunteer Fire Department received from Assumption Parish Police Jury have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the fire department's accounting policies are described below.

FINANCIAL REPORTING ENTITY - On April 18, 1991, the Assumption Parish Police Jury entered into a grant agreement with Bayou L'ourse Volunteer Fire Department of Assumption Parish. The fire protection grant was for the purpose of acquiring, maintaining, and operating buildings, machines, water tanks, water hydrants, water lines and any other things necessary to provide proper fire prevention and control of the property within the boundaries of the department.

The volunteer fire department is a privately created quasi-public corporation that is subject to the grant provisions of its funding agency. The board members are not appointed by the police jury. The volunteer fire department is not fiscally dependent on the police jury and the nature and significance of their relationship with the police jury is not such that their exclusion would render the police jury's financial statements incomplete or misleading. Therefore, the volunteer fire department is a separate special purpose government.

The accompanying financial statements present information only on the fire protection grant received by the fire department from the Assumption Parish Police Jury and do not present information on the Police Jury, the general government services provided by that governmental unit, and other governmental units that comprise the Police Jury's reporting entity, nor any other non grant funds received by the fire department. Bayou L'ourse Volunteer Fire Department of Assumption Parish has no component units.

FUND ACCOUNTING - The fire department is organized and operated on the basis of a fund and account group whereby a separate, self balancing set of accounts is maintained that comprises its assets, liabilities, fund equity, revenues, and expenditures.

SPECIAL REVENUE FUND - The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

MEMORANDUM ONLY-TOTAL COLUMN - The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

BASIS OF ACCOUNTING - Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The fire department's records are maintained on a cash basis of accounting. However, the fund, as reported in the accompanying financial statements, has been converted to a modified accrual basis of accounting using the following practices in recording revenues and expenditures:

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Bayou L'ourse, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is when they become measurable and available to finance expenditures of the fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

BUDGET PRACTICE - The fire department adopts an annual budget based on anticipated revenues consistent with generally accepted accounting principles. Annual appropriations of funds are not made. Budgetary accounts are not integrated in the formal accounting system. Encumbrance accounting is not followed because of the small number of transactions involved.

CASH AND CASH EQUIVALENTS - For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Amounts are classified as cash equivalents if the original maturities are 90 days or less. Under state law, the department may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana. Further, the department may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

GENERAL FIXED ASSETS AND LONG-TERM LIABILITIES - Fixed assets are accounted for in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs. The account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations. It is the policy of the department not to capitalize interest. As the department has no infrastructure assets, no accounting policy for infrastructure assets has been adopted.

PENSION PLAN AND VACATION AND SICK LEAVE - All members of the fire department are volunteers. Therefore, the fire department does not contribute to a pension plan and does not have a formal vacation and leave policy.

NOTE B - CASH AND CASH EQUIVALENTS

At December 31, 2005, the department had cash and cash equivalents totaling (book balances) \$31,260. Cash and cash equivalents are stated at cost, which approximates market. The following is a summary of cash and cash equivalents (bank balances) at December 31, 2005, with the related federal deposit insurance:

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Bayou L'ourse, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005**

NOTE B - CASH AND CASH EQUIVALENTS - CONTINUED

Interest-bearing demand deposits	\$ <u>31,360</u>
Federal deposit insurance	\$ <u>31,360</u>
Total insurance	\$ <u><u>31,360</u></u>

NOTE C - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in fixed assets.

	<u>BALANCE</u> <u>12-31-04</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12-31-05</u>
Fire protection facilities and equipment	\$ <u>678,223</u>	\$ <u>68,713</u>	\$ <u>9,196</u>	\$ <u>737,740</u>

NOTE D - LITIGATION AND CLAIMS

There are no claims or litigation pending against the fire department at December 31, 2005 according to management of the fire department.

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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005**

NOTE E - CAPITAL LEASE OBLIGATIONS

The Bayou L'ourse Volunteer Fire Department records vehicles acquired through capital leases as an asset and an obligation in the accompanying financial statements. The following is a summary of the capital lease obligation transactions for the year ended December 31, 2005:

Capital Lease Obligations Payable at January 1, 2005	\$ 58,145
Additions	-
Reductions	<u>(19,111)</u>
Capital Lease Obligations Payable at December 31, 2005	<u>\$ 39,034</u>

The capital lease entered into during the year ended December 31, 2001 is for a fire truck used in the fire department operations. The payment term of the capital lease is for 7 years at an interest rate of 6.426%. The capital lease agreement contains a non-appropriation clause; therefore, in the event that insufficient funds are budgeted for the purposes of funding the capital lease obligation, the fire department (lessee) can terminate the lease arrangement with the lessor upon notification in writing.

Future minimum lease payments under the capital lease, together with the present value of net minimum lease payments as of December 31, 2005 are scheduled as follows:

Fiscal year:	
2006	22,847
2007	<u>22,847</u>
Total minimum lease payments	45,694
Less - amounts representing interest	<u>6,660</u>
Present value of net minimum lease payments	<u>\$ 39,034</u>